

HOUSE BILL NO. 490.

EXECUTIVE OFFICE,
STATE OF TEXAS.

Austin, April 9, 1903.

To the Secretary of State:

I disapprove and herewith transmit House bill No. 490, entitled "An Act to authorize the Galveston, Harrisburg & San Antonio Railway Company to purchase, own and operate the railways of the New York, Texas & Mexican Railway Company, with the franchises and all property thereunto appertaining; the railways of the Gulf, Western Texas & Pacific Railway Company, with the franchises and all property thereunto appertaining; the railway of the Gonzales Branch Railroad Company, with the franchises and all property thereunto appertaining; and the railways of the Galveston, Houston & Northern Railway Company, with the franchises and all property thereunto appertaining; or either or any of such railways, with its or their franchises and appurtenances, and to authorize the corporations now owning each of said railways and its or their franchises and appurtenances to sell the same; to authorize the Galveston, Harrisburg & San Antonio Railway Company to construct, own, operate and maintain, or to amend its charters so as to authorize it to construct, own, operate and maintain an additional branch or line of railway; to authorize the Galveston, Harrisburg & San Antonio Railway Company to issue additional mortgage bonds to the amount of the value of the railways, franchises and appurtenances so purchased, or such of them as shall be purchased, and to the amount of the value of the additional branch or line of railway hereafter constructed by it under the provisions of this act, as such value may be fixed by the Railroad Commission of Texas; and to regulate the reports of the operations of such properties."

The restriction against the combination of parallel or competing lines of railroads is, and for many years has been, the settled policy of this State, as well as of most of the other States of the Union. This policy has not only found place in statute law, but has been declared by the courts necessary to protect the public from the establishment of monopolies. The unanimity with which the various States have legislated against the combination of competing means of transportation shows that such action is not the result of local prejudice but of the general belief that such monopolies are reprehensible and that competition should remain untrammelled.

If, as is claimed by some, the effect of our Railroad Commission law is to destroy or, at any rate, to minimize competition in transportation charges, still a scarcely less important competition, that in the character of the service rendered, remains effective and must be preserved.

This sentiment has found expression in the State Constitution in these words: "No railroad or other corporation, or the lessees, purchasers or managers of any railroad corporation, shall consolidate the stock, property or franchises of such corporation with, or lease or purchase the works or franchises of, or in any way control any railroad corporation owning or having under its control a parallel or competing line."

It will be observed that all consolidations of railroads are not denounced, but that the prohibition extends to such roads only as are parallel or competing, and the reason for this is obvious.

Manifestly, it is better for all concerned to have different points connected by one continuous line than by two or more connecting roads, with the resultant increase in the cost of operation and inconvenience and delay to the traveling and shipping public.

The correctness of this statement is so universally recognized that it has at all times been the settled policy, in this State at least, and, so far as I know, in all others, not only to authorize but to encourage the combination of such railroads as are neither parallel or competing.

The various Legislatures of Texas have passed acts empowering different railroad corporations to acquire and absorb the properties and franchises of other corporations, and in each instance, in my judgment, where my predecessors have allowed these measures to become laws, the welfare of the public has been thereby promoted.

I have followed, in this respect, the example of the worthy gentlemen who have occupied the position which I now fill, and have approved several consolidation bills, as they are generally called, but I have carefully considered each measure on its merits, and have approved each one only after I have become thoroughly satisfied that it was subject to no constitutional objection, and that the rights and privileges conferred by it would redound to the public good.

I have taken an oath to support the Constitution and am under the most solemn obligation under which one can be placed not to allow any measure to

become a law which I believe to be prohibited by that instrument, and exactly the same duty rests upon me to give the people the benefit of my best judgment in exercising the powers conferred upon the Executive of the State as rests upon each member of the Legislature in discharging the duties which devolve upon him; and if, after careful consideration, I can not agree that a measure presented to me would, if it should become a law, be beneficial to those to whom I am so much indebted, I would be as recreant to my trust if I failed to interpose a veto as would be a member of the Legislature who should vote for a bill which he believed, if enacted, would prove detrimental to his constituents.

With a full sense of the responsibility which my position imposes, and with an earnest desire that I might be able to concur in the views of the members of the other branches of the legislative departments of our State government as to the wisdom and desirability of this, as well as of all other measures which they have passed, I have endeavored to inform myself of its merits, as well as of any possible objections to it.

By the proposed act, if it should become a law, the Galveston, Harrisburg & San Antonio Railway Company, which owns and operates a line of railroad extending from Houston westward through San Antonio, would be authorized to purchase, own and operate, and thereby consolidate with itself, the roads and properties of the Gonzales Branch Railroad Company, extending from Harwood to Gonzales, in Gonzales county, and of the Galveston, Houston & Northern Railway Company extending from Houston, in Harris county, to Galveston, in Galveston county. Neither of these roads is parallel to or competing with any of the other roads affected by this bill, and I can see no objection to the measure, so far as they are involved. But it is further proposed to authorize the Galveston, Harrisburg & San Antonio Railway Company to acquire the railways of the New York, Texas & Mexican Railway Company, extending from Rosenberg, in Fort Bend county, to Victoria, in Victoria county, and also the railways of the Gulf, Western Texas & Pacific Railway Company, extending from Victoria to Beeville, in Bee county, and Cuero, in DeWitt county, through Victoria to or near Lavaca, in Calhoun county. I am not advised that either of these roads is, within the meaning of the Constitution, parallel to or of themselves competing with the Galveston, Harrisburg & San Antonio Railway Company, but the San Antonio & Aran-

sas Pass Railway Company, a corporation organized and existing under the laws of the State of Texas, owns and operates a railroad extending from, among other places, Cuero to the city of Houston. I am further advised and have what to me is satisfactory evidence, that the Southern Pacific Company, a corporation organized under the laws of the State of Kentucky, has acquired 270,544 of the 270,844 shares of the capital stock of the Galveston, Harrisburg & San Antonio Railway Company; that it has likewise acquired 49,294 of the 50,000 shares of the capital stock of the San Antonio & Aransas Pass Railway Company.

The evidence submitted satisfies me that the object of the acquisition of practically all of the stock of the two companies mentioned and the placing of it in the custody of the holding corporation was, and that the effect of such conduct has been, to bring about a consolidation of the two roads mentioned, and that for all practical purposes they are one and the same.

It is, of course, unquestioned that the San Antonio & Aransas Pass road is a parallel and competing road to the Gulf, West Texas & Pacific, and to the New York, Texas & Mexican Railways, and hence the consolidation of these last mentioned roads with the Galveston, Harrisburg & San Antonio Railway Company, with which the San Antonio & Aransas Pass road has been consolidated as stated, would be a clear violation of Section 5, of Article 10, of our Constitution, which not only prohibits the consolidation of such lines, but also expressly prohibits the bringing the same under one management and control.

For these reasons, I am unable to consent that the bill which accompanies this proclamation shall become a law, and it is accordingly vetoed.

S. W. T. LANHAM,
Governor.